



# Arizona State Retirement System

3300 North Central Avenue, Phoenix, AZ 85012

[WWW.AZASRS.GOV](http://WWW.AZASRS.GOV)

## **Special Notice** **New law affects retirement options**

### **Information:**

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*January 1, 2008*

An amendment to Arizona State Statutes governing optional forms of retirement passed in 2006 will take effect July 1, 2008. Under the new law, members who retire on or after July 1, 2008 will have a one-time opportunity to rescind the joint-and-survivor or period-certain annuity option and change to a straight-life annuity option if the originally-named annuitant dies, ceases to be a contingent annuitant under terms of a divorce, or automatically at the end of the selected period-certain term.

The practice of “popping up” and “popping down” between annuity options allowed members to receive a higher benefit through the straight-life annuity, and then extend benefits to a beneficiary at any time by “popping down.” The unrestricted practice causes an unfunded liability to the overall ASRS fund, which had to be paid for through contribution rates by other members.

Implementing the new law is calculated to prevent a potential \$29 million in increased employee contributions over time.

Members who retire on or before June 30, 2008 are not affected by the new law. The effective date of the 2006 legislation, now contained in §ARS 38-760, was delayed while the ASRS awaited a review from the Internal Revenue Service.

Members contemplating retirement, and especially those in the process of applying for retirement benefits, are strongly urged to speak with an ASRS Member Services representative prior to filing their final retirement applications.

For more information, please contact the Member Services Advisory Center at any of the numbers listed above.

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